

SENATE BILL No. 34

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-31.

Synopsis: Tax credit for college tuition and fees. Grants a refundable income tax credit to a taxpayer who graduates from an institution of higher education in Indiana and then resides in and is employed in Indiana. Provides that the credit equals 5% of the taxpayer's higher education tuition and fees. Provides that the credit may be claimed for not more than 20 years.

Effective: January 1, 2008.

Rogers

January 8, 2007, read first time and referred to Committee on Tax and Fiscal Policy.

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First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 34

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-31 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2008]:

4 **Chapter 31. Higher Education Tax Credit**

5 **Sec. 1.** As used in this chapter, "eligible taxpayer" means an
6 individual who satisfies the following requirements:

7 (1) The individual graduates after December 31, 2006, from
8 a degree program offered at an institution of higher
9 education.

10 (2) The individual:

11 (A) resides in Indiana; and

12 (B) is employed in Indiana;

13 during the taxable year.

14 **Sec. 2.** As used in this chapter, "institution of higher education"
15 has the meaning set forth in IC 6-3-3-5.

16 **Sec. 3.** As used in this chapter, "state income tax liability"
17 means an individual's adjusted gross income tax liability under



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1 **IC 6-3.**

2 **Sec. 4. (a) As used in this chapter, "tuition and fees" means:**

3 **(1) tuition charged; and**

4 **(2) fees regularly assessed;**

5 **for a course of study at an institution of higher education.**

6 **(b) The term does not include the cost of textbooks or materials**
 7 **required for a course of study.**

8 **Sec. 5. (a) For each taxable year in which an eligible taxpayer**
 9 **resides in Indiana and is employed in Indiana, the eligible taxpayer**
 10 **is entitled to a refundable credit against the eligible taxpayer's**
 11 **state income tax liability. The amount of the tax credit is equal to**
 12 **the product of:**

13 **(1) the amount of the tuition and fees paid by the eligible**
 14 **taxpayer or by a parent or guardian on behalf of the eligible**
 15 **taxpayer to the institution of higher education from which the**
 16 **eligible taxpayer graduates after December 31, 2006;**
 17 **multiplied by**

18 **(2) five percent (5%).**

19 **(b) An eligible taxpayer may not claim a credit under this**
 20 **chapter for more than twenty (20) taxable years.**

21 **(c) If the amount of the credit under this chapter exceeds the**
 22 **eligible taxpayer's state tax liability for the taxable year, the excess**
 23 **shall be refunded to the eligible taxpayer.**

24 **Sec. 6. To receive a credit under this chapter, an eligible**
 25 **taxpayer must:**

26 **(1) claim the credit on the eligible taxpayer's annual state tax**
 27 **return or returns in the manner prescribed by the**
 28 **department; and**

29 **(2) submit to the department all information that the**
 30 **department determines is necessary for the calculation of the**
 31 **credit.**

32 **Sec. 7. The department may adopt rules under IC 4-22-2 to**
 33 **carry out this chapter.**

34 **SECTION 2. [EFFECTIVE JANUARY 1, 2008] IC 6-3.1-31, as**
 35 **added by this act, applies only to taxable years beginning after**
 36 **December 31, 2007.**

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